

NEWS RELEASE

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School Facilities Board and Qwest Communications Move Forward to Wire Schools

(PHOENIX, AZ – August 1, 2002) The Arizona School Facilities Board and Qwest Communications International Inc. have come to a mutually beneficial agreement regarding the statewide school networking and Internet connectivity project. The contract will be restructured from a purchase order to a lump sum amount of \$140,768,000. Qwest will resume work within days, and the anticipated project completion date is June 30, 2003.

"We are extremely pleased to resume the networking project with Qwest as our partner," said Edward Boot, executive director of the School Facilities Board. "This is a good solution that provides cost advantages, scheduling advantages, and continued quality implementation. The taxpayers of Arizona and the education community will be well-served."

The scope of work remains largely the same. All schools will be brought up to state technology standards, which include 100 Megabit access that can be expanded to one Gigabit, local and wide area networking infrastructure (LAN/WAN), filtering, and firewalls. Schools that lack the necessary equipment to open this fall will receive priority status, and are expected to open on time.

"Qwest's top priority is serving our customers, so we're pleased to resume work on this project and we're grateful to the School Facilities Board and the Arizona state government for working with us so closely through this process," said David Ruggiero, vice president, state and local government markets for Qwest. "We believe that the School Facilities Board is giving thousands of Arizona students a new tool that will enhance the way they learn."

The networking project has been slowed since May 20, 2002 when Qwest requested a review of its funding authorization. At its meeting on June 6 in Flagstaff, the School Facilities Board did not authorize additional spending authority for Qwest above the approved maximum of \$100 million, extending the slow-down initiated by Qwest. This temporary delay allowed several state agencies and independent consultants to conduct extensive reviews of the project and closely examine cost factors. Now that the reviews are complete, all parties have agreed on the new schedule.